EXECUTIVE SUMMARY

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This Report on the finances of the State of Haryana provides an independent assessment of the fiscal position of the Haryana for the financial year 2024-25. It analyses the State's overall financial health and reviews its revenue and expenditure trends, assesses the State's debt position and borrowing patterns, evaluates its compliance with fiscal responsibility laws and compares its performance against fiscal health indicators.

Haryana's economy showed moderate growth during the FY 2024-25, with Gross State Domestic Product (GSDP) registering growth of 11.83 *per cent* as against the previous financial year. The State contributed 3.67 *per cent* to the national GDP. Over the last five years, Haryana's share in the national economy has remained stable, indicating consistency in its contribution to overall GDP. We observed that Revenue receipts of the state grew (5.05 *per cent*) over the previous year, driven by higher tax collections, notably GST and increased central tax devolution. However, non-tax revenue decreased by seven *per cent* and grants from the Centre declined by 17.6 *per cent*. The major contributor to these receipts is the State's Own Tax Revenue, accounting for nearly two-thirds of these receipts, followed by the State's share in Union taxes, non-tax revenues and Grants-in-aid from GoI. The State's reliance on its own sources is thus quite high, showing fiscal self -reliance.

Expenditure of the State was dominated by higher growth of revenue spending (88.94 *per cent* of Total Expenditure) particularly committed costs and subsidies (64 *per cent* of Revenue Expenditure, 57 *per cent* of Total Expenditure and 76 *per cent* of Revenue Receipts), leaving limited fiscal space for capital investment. Capital expenditure remained volatile and below budgeted levels, reflecting constraints in infrastructure investment. Capital Expenditure was only 17.67 *per cent* of the borrowings. Thus, the borrowed funds were being used mainly for meeting current consumption and repayment of Borrowings instead of capital creation/development activities. The State was not able to arrest the revenue deficit within the target levels of the State FRBM Act, thereby rendering little room for fiscal consolidation. The total liabilities of the State had been on rise during the past five years and grew by 10.52 *per cent* over the previous year. Higher outstanding liabilities increase future repayment and interest obligations, further constraining fiscal flexibility in the medium term. Further, returns on investments was alarmingly low in comparison to the average rate of interest on the Government borrowings. Besides, the State Government also carried forward significant undischarged liabilities in respect of non-transfer of State and Central Finance Commission grants to local bodies (₹ 1,170.27 crore), pending refund cases (₹ 827.54 crore), energy charges liabilities of DISCOMs against various departments (₹ 253.82 crore), off-budget borrowings not captured in the debt stock (₹ 146.53 crore), short/non-transfer of States contribution to NPS/statutory funds to National Mineral Exploration Trust/interest liabilities (₹ 93.49 crore), etc. The cumulative value of these un-discharged liabilities amounted to ₹ 2,491.65 crore, which is equivalent to 0.21 *per cent* of the GSDP and 7.19 *per cent* of the Fiscal Deficit for the year 2024-25.

The fiscal year also continued to witness large scale savings in revenue/capital, charged and voted sections of 19 grants. Though there was no excess expenditure over authorisation during 2024-25, however, excess expenditure amounting to ₹ 1,335.24 crore pertaining to FY 2023-24 is pending for regularisation by the State legislature. Concerns also arise from delays in submission of 2,135 utilisation certificates, 884 of which are prior to 2019-20, pending 82 accounts in respect of 40 autonomous bodies (as on 30 September 2025) and substantial use of Minor Head 800-Other Receipts/ Expenditure affecting transparency in financial reporting. Funds, under Haryana Rural Development Act, Haryana Infrastructure Development Board and Haryana Urban Infrastructure Development Board were kept outside Government Account which violates the provisions of Article 266 of the Constitution of India. The report notes positive steps like implementation of Single Nodal Agency (SNA) and SNA-SPARSH for better fund tracking in centrally sponsored schemes. However, full migration to SNA-SPARSH is pending.

The increasing debt load, high committed expenditure and limited capital investment raise concerns about fiscal sustainability. There's a need for revenue augmentation, better expenditure control and structural reforms to ensure long-term fiscal health. Transparency should be enhanced in off-budget borrowings, ensuring timely accounting and reporting. Steps should be taken for more judicious budget provisioning.